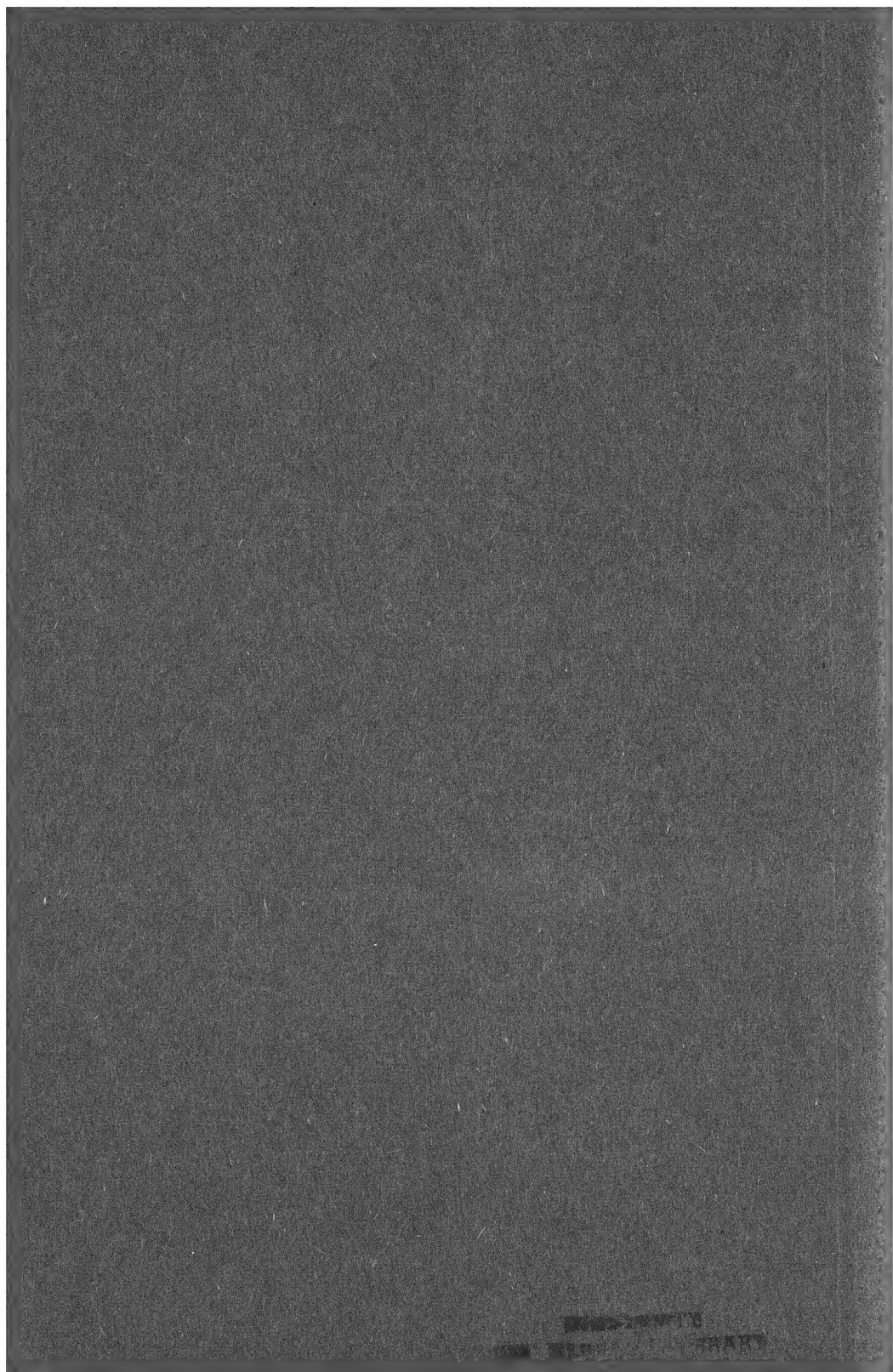


A Reply to "Canada and her Wheat Pool"

("Canada and Her Wheat Pool" was first given as a lecture by Sydney S. Gampell, M.Sc.Tech., at the City of London College, London, Eng., on October 22, later printed in nine installments from October 30 to November 13, 1930, in the columns of the Grain Trade News, Winnipeg, reserved for Editorial comment. It was then reprinted in pamphlet form and distributed widely, including rural schools, throughout Western Canada. The original lecture was so unfair in its attack on the Pool as to call for the reply embodied herein).

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Foreword

THERE has recently been distributed very widely in Western Canada, a pamphlet entitled "Canada and Her Wheat Pool," which embodies a lecture delivered at the City of London College (London, Eng.,) on October 22nd, 1930, by Sidney S. Gampell, M.Sc. Tech. This address was reported rather fully in the daily press of England and Canada at that time; and it was also reported from England, in the original despatches, that the manuscript of the address had been sold to the Winnipeg Grain Exchange and would be used in Canada.

On October 31, the publication of this lecture was begun in the Grain Trade News, the official organ of the private Grain Trade in Canada. The last of the nine instalments appeared in the Grain Trade News on November 13 and very shortly thereafter the lecture was widely distributed in pamphlet form to farmers, elevator agents, business men, Pool representatives, school teachers, newspapers and others throughout the three Prairie Provinces.

In a foreword to the pamphlet, the Grain Trade News declares that the lecture was not delivered at the request of the Grain Trade, which statement must be accepted; but judging from the eagerness with which the Grain Trade News hastened, on November 20, to say in reply to the Manitoba Free Press, "the Grain Trade News makes no apology for its being in existence to 'grandmother' Free Press, or for what it publishes in its columns, or in pamphlet form," and "further, we are prepared to stand by the statements we make," indicates that Mr. Gampell very evidently had some assistance and advice from Winnipeg. Such a brain-child would not be so dear to the heart of the "News," were the latter not bound to support its fellow-propagandist by reason of a pre-publication interest in the presentation. Something more than rumor is likewise responsible for the thought that even the "News" could not quite stomach the crudities of the original manuscript and that it was necessary to edit the document quite extensively before publication.

One point further. The pamphlet "Canada and Her Wheat Pool" must be taken in Canada as expressing the direct point of view and the argument of the Canadian private Grain

Trade. It may be fairly believed, we think, that the Grain Trade News is not in business for "The Glory of God" and that such a wholesale distribution as is being given this pamphlet is not a gratuitous offering by Dawson-Richardson Publications Limited, or the result of the personal philanthropy of its President, W. Sanford Evans. Somebody is paying the shot, of course, and the Trade must be doing it. The Trade, therefore, must accept the responsibility and we hope its representatives are quite satisfied to do so.

The Nature of the Attack

Except for the human instrument used by the Trade in its attack on the Pool and the unlicensed and petulant language indulged in by "Mr." Gampell throughout his lecture,—(he reproved Geo. H. McIvor for not saying "Mr." Broomhall),—this latest outburst is in no manner different from those to which the farmers' organizations have been subjected since 1923. The arguments are the same as ever, but they have been dressed up to suit the occasion, as a result of the opportunity afforded by the world-wide developments of the past year or two.

Facts have been no insurmountable obstacles to the advancement of prejudice; and where plausible figures failed, the Trade spokesman unhesitatingly resorted to vigorous and unqualified denunciation. Sarcasm, scorn, hatred and contempt for Western farmers and their aspirations are progressively evidenced throughout this "lecture," which was first published by the Grain Trade News under the general title of "Grain Marketing Studies" Series 1, No. 1. This title was later dropped for obvious reasons, the author evidently being unable to even keep up the pretence of being fair to the Pools.

It is not our intention to reply to this attack in kind, because the Pools have recognized from the beginning that what is represented by this quarter-century struggle of the Western farmer for satisfactory marketing methods is a conflict of ideas. It is the old struggle between "let be" and "improve," and failure to recognize the inevitability of change, in times gone by, has cost many a nobleman his head and many a citizen his peace of mind. Democracy is a blundering thing, it is true, but nevertheless it is the best we have and means, if anything, the nearest possible approach to a satisfied majority opinion of what is equality and justice for all.

What is really involved is ably stated in general terms by Wickham Steed in the most recent number of the Review of Reviews (November 15, 1930) who, in an article entitled "England at the Crossways" says:

"It is an axiom, no less of political economy than of historical truth, that the structure of human society is determined by its methods of production. The methods of production in the great civilizations of the past were very largely those of slave labor. Mechanical methods of production, consequent upon the advent of steam-driven machinery, under-

mined and transformed feudal civilization and its system of serfdom. New methods of mechanical mass-production, with its corollaries of standardization and rationalization, are altering the very foundations upon which the social edifice of the 19th century was built up.

"New foundations and new conceptions of economic citizenship are needed for a new social edifice. Our statesmen and economic thinkers are confronted by no less a task than that of deciding whether Western civilization shall justify itself by enhancing the quality of human life, in social, political and economic freedom, or whether it shall relapse into some form of more or less efficient barbarism that will degrade human life and end by plunging the civilized world once again into chaos."

Bearing in mind this broader point of view, we may largely disregard the vituperative utterances of the Trade spokesman, and try to remember that their origin, entirely aside from a personality quite unsuited to the "lecture" platform, dates back for centuries to the middle ages, when the English corn trade had its earliest development; and must definitely be associated with the remarkable degree to which this trade has figured in the commercial expansion of England through its intimate connection with the shipping, the banking, the insurance and the industrial trade of Old England since the industrial revolution a century and a half ago.

Our readers should, however, appreciate the element of personal and group prejudice introduced into the discussion by the Trade; and for this purpose we quote certain phrases and remarks met with here and there throughout the pamphlet, which, of themselves, will be sufficiently indicative of the nature of the attack made on the Pools, without any further recognition of this feature of it. Some of these statements and choice expressions follow:

"The Canadian grower, it is to be supposed, is not at the mercy of anything or anybody, expect perhaps of demagogues."

"To take one instance alone, the combined harvester-thresher, which has been so largely introduced in Canada in recent years, is believed to save 15 cents per bushel in harvesting charges alone."

"Stabilization, in the sense of keeping the price steady, benefits nobody, least of all the farmer."

"I must tell you that the Canadian farmers are still extremely angry with the Argentinos, but if it comes to a matter of recrimination, in view of the present lamentably low price of wheat to the farmer, the Argentine has a great deal more for which to blame the Canadian than the other way round."

"On the basis which really concerns the farmer, namely, the basis

of returns per acre, the lowest month in 1929, namely, May, was in fact a very profitable basis."

* * * *

" . . . if an organization is formed to use its marketing power to obviate ignorant and ill-advised speculation, it is assumed that it shall itself be less ignorant and less ill-advised than those whose operations it objects to."

* * * *

" . . . the economic conditions precedent to the exercise of a real control . . . have been recognized for upwards of a century. . . . The idea that Canadian wheat filled any or all of those conditions was always laughable. In view of the events of the past eighteen months, it is merely a bad joke."

* * * *

" . . . instead of the governments of Europe consulting together how they should kowtow to this omnipotent Pool and thereby secure its favor for their citizens, they preferred to put a tax on the stuff. . . .

* * * *

"It would appear that the governments of Europe, instead of uniting as one man to guarantee to the Canadian wheat producer, alone among producers, his own idea of a fair return, thought also that to do so would mean an appalling vision of future world relations, and were prepared to put taxes up to 150 percent and more ad valorem on the commodity, rather than fall in with this pleasant scheme."

* * * *

" . . . a Pool whose method of bettering the condition of its members has been to halve their share in the world trade, pile up stocks four-fold at enormous cost for less than no return, stimulate its competitors to increase their acreage by amounts like 22 percent and 83 percent, and its consumers to reduce their requirements by about 44 percent, is clearly an authority on what constitutes shortsighted policy, such as no man may controvert."

* * * *

"These Athanasiuses who market 3 percent of the world's crop and aimed to dictate the world's prices, were not going to be deterred by considerations of fact. . . . What's a fact compared with a vision?"

* * * *

"You have heard of the face which launched a thousand ships; now you know the mentality of the brain which laid up nearly as many."

* * * *

"Apparently even importer's bias is less dangerous than Pool luncheon-club cheerioh."

* * * *

"You may conclude on the facts, that the Canadian Pool has been engaged in a gigantic gamble, and that the information on which it declares those operations were conducted, has set up a record for ignorance and ill-advisedness which will be very hard to beat."

* * * *

"Dr. Addison has stated recently, 'The Federal Farm Board, the Wheat Pools—determined to a great extent the price we all had to pay for things.' May we be permitted to say to Dr. Addison, with biblical license, 'Let not this dead dog trouble my Lord, the King.'"

Inconsistency of the Attack

Various inconsistencies are discernible in the observations of the "lecturer" on behalf of the Trade; and it is to be wondered at, if it really was found necessary to edit the document as it came from England, that some of the nimble-witted debaters of the Grain Exchange did not correct these inconsistencies before they got beyond recall. A few of the more outstanding of these may be referred to here appropriately, even at the risk of touching on the same subjects again when replying directly to some of the main arguments advanced against Pool policy.

An excellent example of the consistent inconsistency to be found throughout the pamphlet occurs on page 11, where a table is produced purporting to show the farm price of wheat in Canada and the returns to the growers from 1913 to 1930. These eighteen years are divided into periods, of which the first, 1913 only, is regarded as basic. The next period, 1914-1919, is labelled the "period of war-time prosperity"; and the following period, 1920-1923, is described as the "period of world deflation, in which there was discontent in Canada and a clamor for a renewed compulsory pool." Then comes the inauguration of the Canadian Wheat Pool, which, the "lecturer" is careful to explain, coincided with recovery in European purchasing power, mainly due to the Dawes Plan and renewal of U.S. lending. It is also described as a "period of prosperity in Canada, good crop yields there coinciding with partial failures in quantity or quality in other countries." It is noticeable that the "study" makes no reference to the fact that out of the Canadian crop of 1926, only 34.9 percent was able to get into the contract grades (1, 2 and 3 Northern) and that of the crop of 1927, the percentage entering the contract grades was only 30.8, while in 1928 the corresponding percentage was 32.7. These figures compare with 63.2 percent from the crop of 1925 and 87.1 percent in 1929. The figures for each grade in these years are given herewith:

Canadian Wheat in Contract Grades 1925-1929					
Grade	1925-26	1926-27	1927-28	1928-29	1929-30
No. 1 Hard					2.4
No. 1 Northern	22.4	9.2	.9	1.2	36.0
No. 2 Northern	27.0	17.7	7.7	11.6	36.4
No. 3 Northern	13.8	8.0	22.2	19.9	12.3
T't'l. contract grades	63.2	34.9	30.8	32.7	87.1
Other grades	36.8	65.1	69.2	67.3	12.9
Total all grades	100.	100.	100.	100.	100.

However, we next come to the years 1929 and 1930, which period is characterized as "Commencement of period of difficulty," with all other explanatory remarks carefully excluded. The evident object of exclusion is to throw into bolder relief the main object of the table, which is to show that, expressed in price per acre received by the grower in percentages of 1913, the return to Saskatchewan growers in 1929 and 1930 averaged 47.5 percent of 1913, while for the deflation period of 1920-23 the average was 111 percent of 1913. Some definite reason no doubt induced the Trade representative to refrain from mentioning some pertinent facts in connection with the last two years; and we may if we like, assume that this reason was associated with a reluctance to further harrow the feelings of Pool members. Some of the more outstanding of these facts, the inclusion of which would, nevertheless, have made the argument more consistent and reasonable, are:

(1) The tremendous world wheat production of 1928, amounting to over 450 million bushels more than the average world production for the five-year period 1923-27, during which year also, Europe alone harvested 171 million bushels more than for the same five-year period.

(2) A second record European crop in 1929 amounting to 175 million bushels more than the European average for 1923-27 and making a total above-average production for Europe alone in those two years of 346 million bushels.

(3) A consequent reduction in European imports in 1929-30, to 490 millions, or a reduction of 143 millions from the 633-million average of the five-year period 1923-27.

(4) Gradual growth of unemployment in Europe as a result of the restriction of U. S. credit and further development of post-war conditions.

(5) The financial crash in U. S. stock markets, which affected values the world over and announced the present period of world-wide economic depression.

(6) The remarkable uprearing of European tariffs against imported grains, as a consequence of abundant European supplies and political effort to support European agriculture, as well as to create favorable balances of trade.

These occurrences may have appeared of such small importance as to be scarcely worth mentioning, but at least they would have made the presentation consistent at this point.

Also in connection with orderly marketing, which will be dealt with more fully later on, we are puzzled to read on page

16 that "orderly marketing is certainly a fallacy," whereas on page 18 we are told that "for years before the Pool was thought of, the world's grain trade was probably the world's best example of orderly marketing." This statement is supported by direct evidence, which we are quite willing to accept as showing that orderly marketing means a fairly even distribution of shipments throughout the year, in spite of the fact that "on the average, 75 percent of the world's crop is gathered in the three months of June, July and August." What is difficult to accept as consistent, is the statement that "the bulk of farmers' deliveries in the post-harvest quarter was not disorderly marketing" but was really "a good example of sound economic marketing." In the first place, delivering grain is not marketing it, except when it is delivered to the private trade; while in the second place, if 75 percent of the world's crop is harvested in three months and if the bulk of farmers' deliveries in the post-harvest quarter is sound economic marketing, how does this jibe with the main proposition that the best example of orderly marketing in the world, shows the world's grain to be actually sold in practically equal amounts in each of the four quarters of the year? It would have sounded better if a portion of the "authoritative statement" had been omitted.

Perhaps the silliest inconsistency in the whole pamphlet is that in which European governments are stated to have "put taxes up to 150 percent and more advalorem on the commodity" rather than submit to Pool control. One has only to realize that in Germany, for instance, where the tariff against Canadian wheat is now \$1.62 per bushel, Canadian 60-cent cash wheat must sell in Germany for about \$2.40 per bushel to climb over that tariff wall. If the trade argument is correct, surely the German government must indeed have been panic stricken to have placed their tariff about a dollar a bushel higher than was necessary to keep out even dollar wheat in Canada.

One further example. If "this alleged control is no control at all," why is the Trade spokesman so insistent that European governments went to unheard of lengths to relieve the people from the oppressive burden of it? Or, if the control was as real as he tries to make out elsewhere, why does he deal at such length with figures purporting to show that it was no control at all? Perhaps the answer to our questions is that the really important thing to the Trade just now is anti-Pool argument, without regard to its soundness or consistency. One understands how an "economist and statistician" could become "well-known" by lending himself to such tactics, but it is difficult to see how he could be regarded as a "leading authority," except, perhaps, by the Grain Trade News.

Fundamental Misconceptions

Early in his remarks, the "lecturer" for the Trade undertakes to prepare his listeners for what he proposes to do. After outlining his conception of Pool aims and objects, he conscientiously summarizes his own conclusions as follows:

"I think it right and necessary to inform you that all these aims and methods are mythical. Orderly marketing is certainly a fallacy; stabilization is very definitely not in the farmers' interests; this alleged control is no control at all; and any attempt to turn it into a genuine control would result, and to a very large extent has already resulted, in self-destruction.

"Furthermore, this juggling with carryover is the most dangerous speculation in the world and, as I hope to show you, one which not only has resulted in enormous loss to the Canadian farmer, but which good judges announced years ago would be certain so to result, and which on theoretical grounds could have been proved likely to have that result; and lastly, co-operative statistics and information, so far from being better than those collected by private organizations, tend to become so biased by natural sellers' optimism that their record in the past two years is really disastrous. With your permission, I propose to examine the various aims, methods, promises and hopes, which form the basis of this movement, so that you may be able to draw your own conclusions."

The author of "Grain Marketing Studies, Series 1, No. 1," undertakes, as we have seen, to examine "the various aims, methods, promises and hopes, which form the basis" of the Pool movement, but unfortunately for the success of his ambitious undertaking, he succeeds in misstating nearly all of them. He fails fundamentally because he is obsessed with the idea that "what is, should continue to be." He contemplates no more perfect order of society than that state in which those who are not now doing a thing shall not try to do it; and in which, so far as the world grain trade is concerned, farmers shall keep to the fields and their plows, leaving them only long enough to hand over their products to those long experienced middlemen known as the Trade, whose specialty is a system of distribution which primarily requires that some one or more "traders" shall always stand between the producer and the consumer. It seems to be further stipulated that the farmer shall not become his own trader: nor shall he take into his employ those who are experienced as such. This in-between distance from producer to consumer is clearly to be reserved for pure-blooded middlemen only, and, logically

examined, must remain to both producer and consumer a field of strange and inexplicable complexities, surrounded by mystery, hallowed by custom, and inhabited by those supermen whose specialty is attention to other people's affairs.

For example, we are told that in 1901 the total grain acreage in Western Canada was 3½ million acres and that about this time the Territorial Grain Growers' Association was formed "not to obtain a monopoly, but to reduce the monopoly at various country points." It "stuck close to education and economics, eschewed politics and survived." Good. It is to be made very clear to us, however, that "the great bulk of these organizations' interests at that time were not concerned with prices at all, but with grades, weights, dockage, tariffs, taxation, freights, etc. Insofar as they were concerned with prices, it was country prices which interested them."

It is admitted that "the price of wheat might decline for some reason, occurring ten thousand miles away, of which the farmer was abysmally ignorant," and that "all the farmer knew about it was that the country elevator manager offered him less money," but the Trade spokesman insists, notwithstanding the abysmal ignorance of farmers about what happened to their wheat, that "for reasons which are well known, those farmers who stayed on the prairies made very considerable profits," due somewhat to the co-operative elevator companies that had been formed to operate "on exactly the same methods as their privately owned competitors."

It is probably somewhat useless—but nevertheless necessary—to point out that farmers have a fairly well developed fund of common sense, and that one of the first things they are likely to do when organizing, is to tackle the things immediately at hand. Consequently, they started in 1901 to clean up at home by concerning themselves with "grades, weights, dockage" and other matters. There were, it will be remembered, only 3½ million acres of grain in Western Canada at that time, and the farmers were pioneers, living fairly long distances apart. Existence was a struggle. Canada at that time did not rank as the world's largest wheat exporting country, nor was there a futures market in Winnipeg.

The farmer's vision was soon to be broadened, however, but even then his "abysmal ignorance" was recognized as a handicap rather than an advantage. It was then that the period of real interest in prices had its beginning; and in accordance with the character and development of the times, it was natural that the period of country elevator ownership should begin very shortly after. The Western farmers were well forward in the ranks in the matter of elevator operation, hoping

that by this method they could solve the problems of price and stabilization; and they carried their business into the export field, in their hunt for the elusive dollar. They were certainly interested in price.

They found, however, that whatever satisfactions in price the search yielded, came largely to those who ranked as shareholders in the farmers' elevator companies. The patrons built up the business and the shareholders owned it. Price became a matter of dividends. The people who had the money to build elevators, built them—and the farmers paid for them. Experience was proving that not through "these companies operated on exactly the same methods as their privately owned competitors" could any real solution of their problem be found.

A feeling was also growing that there was something bogus about the Divine right of somebody else to take control of farm products at the elevator and make a final pronouncement as to their disposition; and the Canada Wheat Board of 1919-20 led to the birth of an idea. It was born in 1920 and though smothered in personal jealousies among the farmers' own elevator companies, it was resuscitated in 1923 under the spur of economic distress. The idea of quality for all was finally mated with a plan that would enable it to be tried under new circumstances—and the Pools were born.

Notwithstanding anything to the contrary that may be uttered or written, the farmer knows that next to climate, price is the most important factor in determining the satisfactions from farm life. To imply, therefore, that farmers should not show a keen interest in the basic price of their products is to suggest an ignorance of simple economics, more profound even than "abysmal."

The tragedy of agriculture in every country has always been the lack of organization that would enable the farmer to take his equal place in world affairs with the representatives of other industries and become intelligently informed as to the production, distribution, and use of his products. No valid reason exists why the farmer should, in the interests of society as a whole, remain a hewer of wood and a drawer of water for such high-hatting gentry as our "lecturer" and those who distribute his antiquated doctrines. The world is moving and these people do not know it. The farmer is developing his own machinery to move likewise, and there were no suitable models to copy from. There was not available even a "beginner's license," with which to qualify for the driver's seat. Is it not really remarkable that he has built his machine so carefully and operated it so well (with little outside help or even encouragement) as to even keep it in operation when others—

even the mighty—have fallen amid the crash of practically all world commodity prices? Surely some concession can be made to facts.

But no. Things that are, must be, forever and ever. It is difficult to believe that some at least, of those whose walk in life has been that of middlemen, are not able to recognize the fairness and the essential rightness of Pools, if the farmers want them and they suit his business. Indeed, A. H. Hurst, whose little book "The Bread of Britain," is worth reading, and who is himself a British grain trade representative of long experience, is not enamored of Pools or similar organizations, but he can see that changes are taking place and that they are inevitable. He says:

"The merchant has disappeared for all practical purposes, crushed by the irresistible pressure of the upper millstone of concentrated selling and the nether millstone of concentrated buying. It may be objected that there are many such merchants remaining, that they trade with each other on and off exchanges, and that they remain in business. On this superficial view it is assumed that the grain merchant still plays a very important part in the distribution of grain in Great Britain.

"That the grain merchant still exists and does some business is not here contested. What is maintained is that the grain merchant is an anachronism and that he survives on economic crumbs. The grain market of Great Britain is made by the supply as concentrated and by the buying as concentrated. When we speak of the grain merchant as being eliminated, we mean that his economic function in the grain trade has been eliminated. An economic group can retain a subsidiary or a vestigial existence without affecting the main outlines of a situation and long after the economic functions that called them into being have ceased to be effective. Incidentally, of course, this economic impotence of the grain merchant is associated with a tremendously declining business, both as to scope and volume. As to scope, because his area of marketings is dominated by the large holdings of supplies that do not come into the open market; and as to volume because about 70 percent of the buying practically passes him by. The fact that a trade tries to function in less than 30 percent of its former area of operations indicates its economic supercession. It is all the more certain since one sees this shrinkage increase year by year."

What wonder our "lecturer" and his sponsors spend time and money to set up straw men in secret, only to knock them down in public.

Orderly Marketing

Aside from two statements, on the one hand to the effect that orderly marketing is a fallacy, and on the other hand that the Grain Trade has been practising the world's most perfect form of orderly marketing, (being thereby most perfectly fallacious?) there are some few observations that may justifiably be made on the question of orderly marketing.

First, the Pools are denounced for something they did not set out to do; second, they are denounced for having done very well indeed, exactly what we are told the Trade has done so well for years; third, they are dealt with in most uncomplimentary fashion for having done, with their own products, what the Trade has done for years with the farmers' crops; and fourth, the Pools are charged with accepting heavy deliveries in the fall from their members and failing to achieve their avowed object. Let us deal with these accusations in order and see what they amount to.

It appears that the primary objection to the Pools in general, and to their desire for orderly marketing, is fundamentally a resentment against interference with the "living" of the Trade. When the Western farmers took over a large share of the marketing of their own grain, they disturbed existing conditions. There can be no resentment against orderly marketing as such, because it was known by Pool members that the Trade had been doing it for years. It was not necessary to prove that it had been satisfactory for the Trade to do this, if only for the reason that they continued to do it and appeared to prosper. Indeed, appearance was so far borne out by fact that when their right to continue was questioned and their opportunity lessened, the Trade became very resentful.

The whole question is one of whose ox is gored. The producer said it was his wheat first and if he chose to do the orderly marketing instead of the Trade, it was his business. The Trade had always been doing it and wanted to continue—a case of right and logic versus custom and prejudice. Farmers delivered the bulk of their grain in the fall and the Trade bought it, held it, and distributed it over the year. If they made any money by so doing, it was their own and they kept it. The farmer said, "If it is profitable for the Trade it should be profitable for us, and we will do it ourselves. It is our grain and surely our interests come first."

The Trade, of course, have brought out the proverbial red herring. They say, "Farmers were going to market in an orderly manner through their Pools, but look how they still de-

liver their grain in the fall." Of course delivering grain to a warehouse is not marketing it and none know better than the Trade how silly the argument really is, because in halcyon pre-Pool days when the "world's best example" was exemplifying to perfection, deliveries were heavy in the fall and marketing made orderly over the season. Wheat deliveries by Western farmers in September, October and November have actually been heavier in recent years than previously, not because of the Pools entirely—though the ownership of Pool elevator facilities may have encouraged delivery somewhat—but primarily because of the increased use of trucks and combines. The argument, however, has no relation to orderly selling.

Next, the Pools are charged with failure to sell 1-12 of their receipts in each month throughout the year, as if this was the only interpretation that could be placed on orderly marketing; and also as if orderly marketing by farmers must necessarily mean something different than if carried out by the Trade. Our "lecturer" in the City of London College repeats this nonsense, parrot-like, hoping thereby to becloud the issue. It is not new in Western Canada, but does not change the fact that any really sensible interpretation of orderly marketing must be based on the most efficient possible distribution of available supplies in relation to demand.

Now, of course, the proof of any pudding is in the eating. Our Trade author-lecturer collaborates with the well-known Professor James E. Boyle of Cornell University, in giving publicity to the fact that average annual exports from the four major exporting countries (U.S., Canada, Australia and Argentine) for the five-year pre-Pool period 1918 to 1922, showed practically equal quantities exported for each of three four-month periods throughout the year; and we are also given an "authoritative statement" to show that for the four-year period 1920-21 to 1923-24, exports from seaboard (presumably for the same countries as above) were distributed with remarkable evenness throughout the four quarters of these years. To show what a horrible mess the Pool has made of orderly marketing, we are given Pool sales for 1928-29. Suppose, however, we put Pool performance for five years over against Professor Boyle's calculations and the "authoritative statement" for five and four years respectively, to see how they compare. In doing so we put the figures for one country against average figures from the same country and three others with much different harvesting seasons, but if we do not mind such a comparison the Trade cannot very well object. So here goes:

AVERAGE EXPORTS EXPORTING COUNTRIES

	Boyle	U.S. Dept. Commerce	Pool Sales
	Average 1918-1922	Ave. 1920-21 to 1923-24	Ave. 1925-26 to 1929-30
July-Oct. . .	219.4 mill.	1st quarter..23.2%	1st quarter..31.4%
Nov.-Feb. . .	221.8 mill.	2nd quarter..24.3%	2nd quarter..22.1%
Mar.-June . .	221.7 mill.	3rd quarter..27.3%	3rd quarter..24.3%
		4th quarter..25.2%	4th quarter..22.2%

For a Pool brain that laid up nearly a thousand ships, this really does not look too badly, especially when we consider that only a comparatively few years ago the farmer was "abysmally ignorant." (A further thought inspired by these figures is that the Pool has even known enough to recognize the normal marketing season for Canadian wheat so often pointed out by the Trade and sell more wheat in the first quarter than in any other).

Carryover and Withholding

One of the prize arguments advanced against the Pool is that the carryover in Canada has been largely increased in recent years as a result of a "withholding" policy, which is said to have arisen out of the Pool methods of "orderly marketing" and control. These methods are themselves discussed elsewhere in this reply, so that we deal here only with carryover. We read, for example:

"It was certainly intended that large amounts of wheat should be withheld from the market during a season of large crop and low world prices, to be added to the crop of next year." Surely a rather bare-faced presumption of knowledge where none exists. No such intention was ever in mind, nor any such policy laid down. Farmers want their money too badly each year to make any such policy possible except under the stress of unusual circumstances. Pool Directors, being all farmers, the truth of this was known to them better perhaps than to the "lecturer's" audience. The main prop, therefore, is knocked from under the carryover argument, but it remains to be seen whether the Pool did carry over wheat, and under what circumstances.

It is interesting to note first, however, that stocks of wheat in Canada as at July 31, each year, had grown steadily and fairly rapidly for years before there was a Pool. They rose from 3,983,024 bushels on July 31, 1918, to 45,158,819 bushels on July 31, 1924, following the big crop of 1923. Of course, the Food Research Institute referred to by the Trade spokesman did not make its "dispassionate" statement until 1926, but mindful of the long experience of the Trade and its accumulated wisdom since 1887, this carryover in Canada in 1924 with a world production of 3,818,844,000 bushels in 1923 (W. Sanford Evans) is hard to understand, when the carryover in Canada on July 31, 1927, was only 50,765,435 bushels following a world production in 1926 of 4,248,479,000 bushels. One wonders how this happened since there was no Pool in 1923-24 except a small one in Alberta.

However, these slips do occur, but as the following table shows, the carryover grew fairly rapidly once the Trade got hold of the business again, following the disbanding of the Canada Wheat Board in 1920.

CARRYOVER IN CANADA 1917-30 (July 31)
(Dominion Bureau of Statistics)

Year	Bushels
July 31, 1918	3,983,024
July 31, 1919	5,454,166
July 31, 1920	9,290,425
July 31, 1921	13,727,088
July 31, 1922	19,462,664
July 31, 1923	11,749,995
July 31, 1924	45,158,819
July 31, 1925	26,482,696
July 31, 1926	36,350,483
July 31, 1927	50,765,435
July 31, 1928	77,626,071
July 31, 1929	104,383,221
July 31, 1930	111,692,519

No one thought to criticize the Pool about carryover until the opportunity seemed right; and efforts have been concentrated on the large increases in 1928-30. Of course the real point involved is whether it was Pool wheat that was carried over and non-Pool or Trade wheat that was sold. Figures will readily provide the answer and here they are to speak for themselves:

Total Canadian Carryover Crop Years 1925-26 to 1929-30

Carryover as at	Total Can- dian carry- over (Gam- pell figure) bushels	% total Canadian deliveries carried over July 31	Pool carryover July 31, (11 months of selling* bushels	Pool percentages		Pool carry- over Aug. 31 (after 12 months selling) carried over bushels	% Total Pool handlings carried over Aug. 31.
				of total deliveries %	of total carryover (July 31) %		
July 31, 1926 . .	39,000,000	10.7	20,038,000	52.2	51.4	10,971,000	5.9
July 31, 1927 . .	53,000,000	15.5	38,999,923	53.1	73.6	21,868,441	11.7
July 31, 1928 . .	92,000,000	22.6	12,376,534	51.1	13.5	0.0
July 31, 1929 . .	127,000,000	26.1	52,109,585	51.3	41.0	48,358,585	23.6
July 31, 1930 . .	130,000,000	54.0	66,837,000	51.3	51.4	43,271,000	33.3
Total (5 years)	441,000,000		190,361,042			124,469,026	

* The Pool year (Canadian Co-operative Wheat Producers Ltd., or Central Selling Agency) ends August 31, primarily because August is an old crop month for marketing, but a new crop month for harvesting. Actual Pool carryover, therefore, must show as at August 31, or after a full 12 months' selling.

Strangely enough, the Trade is still piling up carryovers, even greater than this "ignorant and ill-advised" Pool. Evidently our "lecturer" was somewhat "ill-advised" himself, which is not surprising. The figures in the table just given, show that for the five-year period, total carryover of Canadian wheat totalled 441 million bushels, while the Pool carryovers totalled 190,361,042 bushels for the same period, or 43.16 percent of the total. The Pool marketed an average of 51.4 percent of the Canadian crop and carried over 43.16 percent of the total carryover. This, too, after eleven months of selling, because the Pool year ends on August 31. Consequently, it is fair to deduct the total wheat sold in August each year, which leaves the Pool carrying, after twelve months selling each year, an average of 14.9 percent of its total handlings for the year, while of the total Canadian deliveries, there was carried over, as at July 31, an average of 25.7 percent for the same period. Just how the Pool became the chief sinner in this unfortunate accumulation of carryover is hard to find out, but one surmises that the distinction arose out of the imaginings and prejudices of the Trade. It is agreed the farmer should be the chief mourner, but not because of the misdeeds of the Pool. The fact that with only eleven months selling considered, the Pool contributed an average of only 43 percent of the carryovers for five years as compared with 56 percent originating in the Trade, is hard to get over.

The Pools, too, are accused of withholding their wheat from the markets and not only accumulating carryovers—which, as we have just seen, they did not do to the same extent as others—but also of deliberately refusing to sell Canadian wheat to those who wanted to buy it. We are accused of grabbing Europe by the throat during the past two years and trying to choke exorbitant prices out of her. Let us see.

Using world production figures, exclusive of Russia and China, the crop of 1928 was 3,945,000,000 bushels. Importing countries in 1928-29 bought 940 million bushels of the surplus from exporting countries, as compared with an average of 786 million bushels for the five-year period 1923-27, or an increase of 154 million bushels above normal. Europe alone took 710 million bushels in 1928-29 as compared with 633 million bushels for the previous five-year period, or an increase of 77 million bushels above normal. In addition to these very large imports, Europe alone produced a crop in 1928 of 1,409 million bushels, or more than her five-year average of 1,238 million bushels, by 171 millions. She, therefore, had 171 million bushels of her own increased production, in addition to 77 million bushels of above-normal imports, with which to supply her people, or a total extra quantity of 248 million bushels. We

are asked to believe that to have sold Europe that amount of wheat above her normal requirements in the face of huge world supplies was poor selling. Obviously there could have been absolutely no withholding by the Pool that year and the facts above mentioned could themselves account quite easily for the Pool carryover of 52,000,000 bushels into 1929-30.

However, it is 1929-30 that most of the worry seems to be about. The world crop in 1929-30, again exclusive of Russia and China, was 3,420,000,000 bushels, a reduction of 525 millions from the previous year. World carryover had been tremendously increased owing to the impossibility of utilizing more imports in buying countries. Europe, for the second year in succession, produced a record crop amounting to 1,413,000,000 bushels, or 175 millions above normal. Her own supplies were further increased by about 164 millions (Broomhall) carried over at the beginning of the season, due to the fact that she could not utilize the record quantities produced and purchased in the previous year. She had the surplus available for 1929-30. Europe had, therefore, about 1,577,000,000 bushels at the beginning of the season and consequently needed to import less. She actually imported 490 millions, or 220 millions less than in the previous year, but even so, she had production and importations totalling 2,067 millions, as compared with 2,119 millions the previous year. Europe, therefore, even in 1929-30, purchased sufficient wheat to bring her supplies to within 52 million bushels of the great and unprecedented effort toward consumption made in 1928-29.

It really does not affect the magnitude of the effort made by Europe to absorb the abundance of wheat supplies in 1928-29 and 1929-30, whether Europe's effort to do so in 1929-30 came within 52 millions of equalling 1928-29, or 100 millions. The fact is that Europe in 1929-30 found grain supplies so superabundant that her various component countries, almost without exception—the United Kingdom, Denmark and Belgium being about the only ones—found it desirable not only to purchase less than normal, but to increase their tariffs amazingly against foreign wheat, impose the most stringent milling regulations (France required as high as 97 percent of domestic wheat in mill mixes), and by every means in their power directly assist their agricultural industries. On top of wheat supplies there were very large supplies of rye, which is a direct wheat substitute, and also large crops of corn and potatoes. In the face of this is it not silly to think that Europe could have utilized more Canadian grain; and is it not most reasonable to believe that, considering the factors just mentioned, Europe in 1929-30 purchased an amazing quantity of foreign wheat, when we know that the spectre of increasing unemploy-

ment was stalking through the most of Europe and economic disaster has threatened the entire world since late in 1929?

Figuratively speaking, the Grain Trade talks with its tongue in its cheek, and attempts to play on the credulity of those sufficiently uninformed as to accept experience as a sufficient guarantee of honesty. The "lecturer" in this case has either been woefully unsuited to the lecture platform, both by personality and knowledge—the latter particularly being difficult to believe, with such first-hand advisers at his command from Winnipeg—or his ability to be fair must be questioned.

The Pool is charged with withholding its supplies from Europe and surely enough has been said already to prove that such could not have been the case. Especially is it not the case when we consider that since the close of the 1929-30 season, wheat and grain supplies have been so liberal in Europe as to cause tariffs to be increased still further in Europe (Germany now \$1.62 per bushel). Britain is talking protection in some form for her agriculture; Belgium is talking of some restrictions; and the surplus grain producing countries of Europe (Poland, Roumania, Czecho-Slovakia, Jugoslavia, Hungary and possibly Bulgaria) are making efforts to formulate some plan for joint action in marketing their surplus agricultural products.

Because Argentina had a huge and unexpected surplus from her 1928 crop she marketed many millions of bushels late in the crop year and early in 1929-30. Her offerings were made at terms from 25 to 30 cents below quotations for Manitobas and the Pool is criticized for not meeting this competition in the face of the European supplies we have already mentioned. The Pool did try to meet Argentine competition and it may be interesting to know that during July, August and September of 1929, when this competition was most keenly felt, the Pool, out of 76 market days, quoted to the export market, below the Winnipeg market, on 52 days, by amounts as high as 13 cents per bushel. What more could be asked by Pool critics at a time when the Trade itself was advertising to farmers that in its judgment wheat would go to \$2.25 per bushel and farmers should hold for an advance; and at a time also when the Grain Trade News, the official organ of the Trade, and therefore, its official mouthpiece, was entirely complacent about wheat prices. For the first six months of 1930 there were 24 editorials in the "News" criticizing the Pools, but, strangely enough, during the period of six months from July 1 to December 30, 1929, not one is to be found; and this at a time when withholding must have been done by the Pool, if

at all. Instead, we find the "News" making the following type of comment, which would indicate, in an organ of such rigid integrity, an opinion that then current prices were justified.

"Prices have risen considerably and appear likely to maintain their position." (Grain Trade News, November 30th, 1929).

"Dominion Bureau of Statistics' figures confirm what appeared likely from early in the crop year, that the story of money return from this year's crop will prove far more cheerful than comparison of bushelage this year and last." (Grain Trade News, December 14th, 1929).

By December 14, four and a half months after the beginning of the crop year, the Trade was of the opinion that higher 1929-30 prices would more than make up for the lower yields as compared with 1928. There was no charge of "withholding" then, because as late as November 30th, the "News" thought "prices likely to maintain their position." How far out even the Trade was, may be gleaned from the fact that instead of even gross returns to Saskatchewan farmers in 1929 being "far more cheerful" than in 1928, actual figures show a decrease in crop of 50 percent and a decrease in gross value, less freight and handling charges, of 55 percent.

In addition to the fact that there was no Pool policy of withholding, the Trade should be about the last group of people to criticize it, if there had been.

Stabilization and Speculation

"What possible benefit is stabilization of price to the farmer?" we are asked in this interesting pamphlet; and we are told that "surely his only interest in stabilization is stabilization of his returns per acre."

The argument is not nearly as simple as that in any case, but to say returns per acre without stipulating "net" returns, is to make an even worse mistake than the farmer is accused of making. It is quite true that low prices combined with high yields may provide a return equal to a combination of high prices and low yields, but the truth also is that they rarely do. High yields add to harvesting, threshing and hauling costs much more than is admitted by the Trade and, actually, big crops are ordinarily less profitable than moderate crops. Neither do low yields always mean high prices—witness 1929 and 1930—because disease, wet weather and other weather and climatic factors may reduce the quality of the farmer's crop to such an extent that even if high prices do rule, his labor income is low.

Actually, the stabilization of the farmer's labor income from grain marketing must depend on the interplay of price, yield and quality. Costs vary with yield and size of farm, and price with quality and yield. Price is, therefore, a factor of first consideration to the farmer, since he cannot influence climate. Consumers are interested in adequate supply, but only indirectly in the measure of reward reaching the producer, while the trade is interested in profit. The farmer must take care of his own interests.

The immediate influence of modern machinery is greatly exaggerated and much twaddle is heard about it. There are about 6,000 combines in Saskatchewan today and at the most they will average only about 500 acres of crop in a normal year. This means 3,000,000 acres, or less than 25 percent of the wheat crop alone. Conclusion cannot be based on what happens to a quarter of the crop. There are also about 27,000 tractors in Saskatchewan, and many of the owners have learned that gasoline accounts must be reckoned on a different basis from horse feed grown on the farm. The same is true of trucks for hauling grain, and it is questionable perhaps whether either truck, tractor or combine have an established economic place on a farm of less than a section. The typical Western Canadian farm is approximately a half section.

Taken by and large, stability has been the great need of agriculture for centuries, and the Grain Trade does not pro-

vide it. In the nature of things, the Trade cannot be primarily interested in the farmer's price. Nor, with few exceptions, does the Trade care what fluctuations take place so long as they go the right way for its members. Profit is their motive and if they depart from it they must fail as traders.

The farmer is traditionally opposed to speculation, and for good reason. He is not necessarily opposed to all its forms, but primarily he resents the fact that it stands between him and a stable farm enterprise. That it may sometimes be of help to him is of no more consequence than that a moral delinquent may be successful in business, or be a person with some high ideals. The fact seems to be admitted by the Trade that speculation tends toward lower prices for the consumer. It logically follows that this tends also toward lower prices for the producer, and especially toward instability of prices. It is probably true that "mob gambling is almost always on the bull side," which is a bad thing in itself—witness July, 1929—but it is also true that mob gambling is sporadic and relatively infrequent, and that in the intervals at least, the heavy speculative, professional interests tend to be in the "short" or bear side. This also is bad, and if we add the element of irresponsibility of the speculator to anyone or anything but self-interest, the traditional opposition of farmers to speculation in general is quite understandable.

The Pool is charged with having broken "all the recognized rules of economics in marketing," but none of these rules can be distinguished from the material of the "lecture." What the Pool tried to do was to get down to a solid basis of economics, and its efforts seem only to have been submerged by a growth of world-wide post-war conditions, on the effects of which anti-Pool critics have hastily pounced as having been created almost solely by the Pool.

During the short period of Pool existence, Pool operations have at times placed a curb on speculation in spite of the fact that for five years after its formation the civilized world was caught on a wave of industrial speculation such as was never witnessed before. The primary purpose of the Pool was to sell wheat and, in doing so, to curb and even eliminate speculation as far as possible, if by so doing stability for the Western farmer could be enhanced.

International Repercussions of Control

It is claimed by the Trade that as a result of inefficient Pool management and mistaken Pool policies, there have been impressive international repercussions, the effect of which has been to take away the good-will of Pool customers, especially the private British Grain Trade. These have, according to the Trade, been "the biggest buyers of Canadian wheat during the existence of the Pool." Let us deal with this matter first and see what the charge amounts to.

There is certainly no question that the British Grain Trade had been hostile to the Pool policy of direct dealing with the miller. They naturally do not like to have any short-circuiting of the regular channels of grain distribution and have been outspoken in their criticism, because they feel definitely that the Pools have cut into their business.

As to whether there is really any ground for believing that the United Kingdom, as a whole, is using less Canadian wheat because of Pool policy, the proof, if such were the case, would seem to be in the fact as to whether, of the total amount of Canadian wheat imported into the United Kingdom, the Pool proportion is appreciably less than the Pool proportion of total deliveries by Canadian farmers. The fact here is that of the total quantities of Canadian wheat imported by the United Kingdom for the four years 1926-27 to 1929-30 inclusive, the Pool has supplied no less a percentage in any year than 49.8, and over 53 percent in each of the years 1926-27, 1927-28 and 1929-30. The question then remains as to whether the British buyer does not operate on the basis of economical purchasing rather than good-will. There is a fairly general feeling in Canada to the effect that he does.

So much for Great Britain. We want her wheat business and apparently we are getting it on what the buyer considers a business basis. In 1928-29 the United Kingdom took 19 percent of our total exports, and in 1929-30 she took 27.7 percent.

But what of the dire international complications which have arisen in the remainder of the civilized world as a result of this mistaken Pool policy of improving the economic position of the Canadian farmer as far as can be done by co-operative marketing?

We are told that the Pool must assume a very large share of the responsibility not only for the remarkable increase in

European tariffs on wheat, but also for the very substantial increases in acreage that have taken place in Germany, Australia and Argentina. Only an inward rage of all-consuming intensity could have brought forth such a distorted statement of fact. All the world knows Germany's extreme need for stimulating her own agriculture and maintaining her balance of trade, if she is to stand up under the war reparations imposed by the Young Plan; and it is also known that it is the deliberate German policy to encourage her smaller farms by heavy import duties. Add to this her huge supplies of wheat and wheat substitutes, such as rye and potatoes, and the riddle of German tariffs is solved. How else indeed could one explain a domestic wheat price in Germany twice as high as imported wheat of greatly superior quality could be bought for from exporting countries!

As to Argentina, the £550,000,000 of British capital invested there, especially in railroad, shipping and public utilities, is a strong spur to the development of wheat raising, in addition to which, the natural adaptability of the country, the relatively close proximity of Argentine wheat lands to cheap water transportation, and her system of large land holdings and relatively ignorant and poor peasant tenant farmers, are all conducive to increased wheat acreage. As our "lecturer" himself emphasizes, "the relationship of Canada and Argentina in the grain export field is a very peculiar and very important one"; and it is quite as natural that Argentine wheat acreage should be increased under the spur of higher prices from 1923 to 1927 as that our own acreage should be influenced.

As to Australia, the contention is even more nonsensical. Most serious financial difficulties now face Australia, which country must strain her every nerve not only to maintain a favorable balance of trade by exporting as much as possible, but also by paying a bonus for the production of all gold above the average production of the past few years. Millions of acres of land available for wheat production lie untouched in Western Australia, and it is estimated that the other states can also increase their acreages by substantial amounts if necessary. It has, therefore, become an Australian Federal Government policy to increase wheat production and exports. The Canadian Wheat Pools are indeed powerful institutions of really world-wide power if they can put such important national considerations as this into the background.

Only one thing has been lacking in the accusation of the trade, namely, that the Pool has been responsible for the progress of Fascism in Italy and Mussolini's plan for a self-suf-

ficient country. The fact is that the Pool has been a factor in the international wheat trade, but that forces far wider than the policies of any one organization have conspired to bring about the events of the past two years.

Premier J. E. Brownlee of Alberta has briefly stated the case (November 26th, 1930) when he is reported in an Edmonton paper as saying: "When it is pointed out that the entire wheat crop of Canada is only 360,000,000 bushels (1930) with 100,000,000 bushels consumed at home and only one-half of the balance handled by the Pool, it will be seen at once that the present situation is the result of causes far wider than the activities of one wheat handling company. The simple fact is that, in common with other primary products, wheat has sunk to unusually low levels and no one organization and no one group of persons can be held responsible."

As to control, the Grain Trade spokesman has flourished an empty argument in his contention that the Pool sought control of world wheat prices. Basically, his argument falls flat because the control sought by Western farmers has been control of their own wheat on its way to market, rather than control of world prices. Pool members hoped that by securing a control of this character they would be more certain of receiving the average of prices that consumers throughout the world were willing to pay. More they could not expect.

Further, it is significant that British bread prices since the close of 1921, reached their peak in March, 1925, and have steadily declined since that date. At no time since their organization have evidences of Pool pressure on British consumers been manifested, in the only real way such evidences be manifest, namely, in the retail price of bread.

The Pool, therefore, not only admits that it cannot control world prices, but insists that it has not done so, and has not sought to do so. The most that has been said by responsible Pool officials was that if growers controlled their own wheat in volume, it was reasonable to expect that prices to the producer could be stabilized upward. In this connection, therefore, love's labor was lost to the author of this remarkable "lecture." Control by the producer of what are decidedly his own affairs is widely different from control of world prices. An increase in price is a legitimate object of search by representatives of any business who have reason to feel that there is too wide a margin between producers' and consumers' prices.



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